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Grand Alliance - CP Ships Atlantic
Agreement
FMC Agreement No. 011705-005
(3rd Edition)
Original Page No. 1

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This Agreement is made the 18th day of April, 2000.
Between

(1) Party A - Grand Alliance Lines

Hapag-Lloyd Container Linie GmbH
Ballindamm 25,
20095 Hamburg,
Germany

(HL)

Nippon Yusen Kaisha
3-2 Marunouchi 2-chome,
Chiyoda-ku,
Tokyo 100, Japan

(NYK)

**Orient Overseas Container Line Limited,
Orient Overseas Container Line Inc. and
Orient Overseas Container Line (Europe) Limited
(acting as one party)**
31/F, Harbour Centre,
25 Harbour Road, Wanchai,
Hong Kong

(OOCL)

**P&O Nedlloyd Limited/P&O Nedlloyd BV
(acting as one party)**
Beagle House, Braham Street,
London E1 8EP, England

(PONL)

(hereinafter referred to collectively as the Grand Alliance Lines and individually as a
Grand Alliance Line)

and

Party B – CP Ships USA, LLC (CP Ships)
401 East Jackson Street,
Suite 3300,
Tampa, Florida 33602
United States

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Whereas

(A) The Grand Alliance Lines co-operate on the major east/west routes through the operation of a number of end-to-end and pendulum loops, the contribution of vessels on a global basis and the allocation of slots and deadweight in accordance with calculated shares for each loop.

For the avoidance of doubt MISC Malaysian International Shipping Corporation Berhad (MISC), a member of the Grand Alliance, does not participate in these arrangements and all references to Grand Alliance Lines shall exclude any reference to MISC.

(B) The Grand Alliance Lines and CP Ships now intend to co-operate in a service and slot exchange arrangement covering trade between North Europe and North America, the geographical scope of the service being further defined in detail below.

(C) This Agreement sets out the terms under which the Grand Alliance Lines and CP Ships will provide separate Loops designed to operate in a combined service pattern to cover the geographical scope of the trade. The Grand Alliance Lines and CP Ships will exchange Slots according to agreed procedures on the basis of their respective demand for space adjusted by mutual agreement to match the space made available on the Vessels employed in each Loop.

The PAX service and the GASS service will continue to be operated by the Grand Alliance Lines and CP Ships respectively. The ~~new Butterfly Loop service and the Gumex and ATX~~ services will be jointly operated by the Grand Alliance Lines and CP Ships.

(D) HL exchanges space with Atlantic Container Line (FMC No 213-010955) which arrangement shall continue within this agreement. Slots required by ACL will be covered out of HL's allocation.

It is agreed as follows

1 Definitions

Agreement	means	This Agreement
Container Operator	means	In respect of cargo, the Line which is the Principal Carrier and which charters space from the Line operating the Vessel on behalf of the Vessel Operator to carry that cargo.
Excess Slots	means	The Slots on a Vessel which are not counting towards the Standard Slot capacity of the Vessel as described in Clause 11
Operational Implementing Agreement	means	The working arrangements which govern the relationship, communication and responsibilities of the Parties in the operation of the Service including liabilities, cross charterparty, and joint working procedures described in Clauses 2.1, 8.2, 9.6 and 15.5.
Line/Lines	means	Individually one of the Grand Alliance Lines or CP Ships and Lines shall refer Grand Alliance Lines.

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Loop	means	One of the component sailing schedule rotations in the Service as described in Clause 6, or as otherwise agreed.
Loop Allocation Share	means	The shares by which the Slots and, where appropriate, other capacity allocations on each Vessel in the relevant Loop will be allocated and by which total allowances for Slot provision and voyage costs will be shared in accordance with Clause 12. Loop Allocation shares are calculated according to the provisions of Clause 9
Owner	means	The Line being the owner, disponent owner or charterer of a Vessel being provided to the Service on behalf of a Party.
Party/ies	means	HL, NYK, OOCL and PONL acting jointly as Party (A) and/or CP Ships (Party (B)). Party A and Party B collectively referred to as the "Parties" or individually as a "Party".
Principal Carrier	means	the Line which is the carrier under the bill of lading or other contract of carriage to a third party in respect of goods carried in the Service
Service	means	the services operated by Parties pursuant to this Agreement consisting of a number of Loops as agreed.
Slot	means	The space on any Vessel or any other vessel for the stowage of containers. Each Slot shall be the space required for the carriage of one standard ISO Twenty Foot Equivalent Unit (TEU)
Slot days	means	In respect of the financial settlement relating to a Vessel, the measurement unit of one Slot per calendar day.
Standard Slot Capacity	means	The agreed Slots on a Vessel

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Vessel	means	Any vessel employed by a Party and committed to the Service in accordance with the provisions of this Agreement
Vessel Operator	means	The Party in which a component Line is the owner, disponent owner or charterer of the Vessel and is operating that Vessel in the Service.

2 Interpretation

- 2.1 The Parties will complete detailed arrangements including, but not limited to, the pro-forma schedules, performance requirements, financial adjustments as required. These detailed arrangements will be included in an Operational Implementing Agreement.
- 2.2 Headings in this Agreement are used for reference only and shall not be taken into account for the legal interpretation of the respective clauses.
- 2.3 The Appendices to this Agreement shall be considered as an integral part of the Agreement. In case of conflict between the terms and conditions as laid down in the various clauses of this Agreement and the Appendices attached thereto, the conditions and terms of this Agreement shall prevail.
- 2.4 The Lines hereby jointly agree that this Agreement represents the full understanding between the Parties in respect of their co-operation on the proposed Atlantic service and the matters set out herein may not be altered, varied or modified except by written instrument signed by the duly authorised representatives of all the Lines hereto and filed with the Federal Maritime Commission. For the avoidance of doubt the Parties and respective Lines specifically agree that unless a matter is dealt with expressly by the Terms of this Agreement then the liability of any Line shall be several and the individual liability of the Line in default and the other Lines which are in the same Party with the Line in default shall not in any way be held jointly liable with the Line in default.

3 Condition precedent

- 3.1 The provisions of this Agreement, to the extent applicable to ocean common carrier services and operations in the foreign commerce of the United States, will not be implemented with respect thereto, until the Parties have complied with the provisions of the United States Shipping Act of 1984, as amended, or any successor statute and Lines will do everything necessary to comply with requirements of any other regulatory and governmental bodies, agencies and institutions.

4 Duration/termination

- 4.1 This Agreement will take effect when effective in accordance with the provisions of the Shipping Act of 1984, as amended.
- 4.2 This Agreement shall run indefinitely. However, either Party may give 6 months' notice of termination of the Agreement.
- 4.3 For the avoidance of doubt, each Grand Alliance Line has the right to withdraw from the Grand Alliance Agreement II (FMC No 203-011602) at any time after 1st January, 2001 on giving six months' written notice of withdrawal.
- 4.4 Intentionally Left Blank.
- 4.5 If at any time during the term of this Agreement there shall be any change in the membership of either the Grand Alliance or of CP Ships as a result of any one of its constituent members (defined as an Affected Line for the purposes of this Clause) being subject to
 - (a) a change in control or material change in ownership, or
 - (b) becoming bankrupt, insolvent or have a receiving order made against it, suspending payments, or continuing its business under a receiver for the benefit of any of its creditors or if a petition is presented or a meeting convened for the purpose of considering a resolution, or other steps are taken for the winding up of the Affected Line, or any event similar to any of the above shall occur under the laws of the Affected Line's country of incorporation

and the other Party is of the opinion arrived at in good faith that such change is likely to materially prejudice the cohesion or viability of the Service, then that other Party may within three months of the coming into effect of such change give not less than six months' notice in writing to the other Party terminating the Agreement.

- 4.6 Notwithstanding Clause 4.5, if there is no change in the membership of a Party as a result of a change in control or a material change in ownership of a constituent member of that Party (defined as an Affected Line for the purposes of this Clause) but nevertheless the other Lines are of the opinion arrived at in good faith that such change is likely to materially prejudice the cohesion or viability of the Service, then the other Lines may within three months of the coming into effect of such change unanimously agree to give not less than six months' notice in writing excluding the Affected Line from the Agreement.
- 4.7 Notwithstanding Clause 4.5, even if there is no change in the membership of a Party as a result of the bankruptcy (or any similar event as set out in clause 4.5(b) above) of a constituent member of that Party (Affected Line) then the other Lines may nevertheless unanimously agree to exclude the Affected Line from the Agreement by giving notice of 30 days
- 4.8 In the event that a Line is excluded from the Agreement by application of Clause 4.6 or Clause 4.7 above, the Line(s) belonging to the excluded Line's Party shall be released from any obligation to perform the excluded Line's obligations under this Agreement from the date of exclusion. Notwithstanding this, all remaining Lines will urgently discuss whether in the circumstances the Agreement can be continued and, if so, whether the terms and conditions need to be amended to reflect the changed circumstances. No Line will be obliged to accept any amended terms and conditions and may then, if no other solution can be found, withdraw from the Agreement by giving 30 days notice.

5 Trade/geographical scope

- 5.1 The scope of this Agreement covers the North Europe-United States and vice versa Trade Lane, whereby United States means
- (a) the East Coast of the United States, and
 - (b) the Gulf Coast of the United States
 - (c) the West Coast of the United States
 - (d) In addition, in connection with the foregoing, the Parties may serve the trades between the United States, on the one hand, and ports in Mexico and/or Canada, on the other hand.

5.2 Where a Line being a constituent member of either Party wishes to introduce a new service falling within the scope of this Agreement it may do so subject to:-

- (i) the agreement of all other Lines, not to be unreasonably withheld
- (ii) offering all other Lines (being constituent members of either Party) the opportunity of participating on terms as set out in this Agreement

6 Service description

The service structure will consist of the following Loops:

- (a) ~~Atlantic Butterfly~~ USEC Loop North Wing (ATN ATX):
A ~~butterfly loop with cross over in North Europe. The north wing service~~ connecting ports in North Europe with ports on the U.S. East Coast.
- (b) ~~Atlantic Butterfly Loop South Wing (ATS):~~
~~The south wing of the butterfly loop connecting ports in North Europe with ports on the U.S. East Coast and U.S. Gulf Coast.~~
- (eb) PAX:
The Atlantic sector of the Grand Alliance PAX service connecting ports in North Europe with ports on the U.S. East Coast and ports on the U.S. West Coast.
- (dc) GASS
A service connecting ports in North Europe with ports on the U.S. East Coast and U.S. Gulf Coast.
- (de) Gumex
A service connecting ports in North Europe with ports on the U.S. East Coast, U.S. Gulf Coast and Mexico.

7 Provision and operation of Loops/Ships

7.1 Each Party will be responsible for the provision and operation of Vessels to be employed on each of the Loops as follows:-

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Loop	Party	No. of Vessels
Butterfly North wing ATX	Grand Alliance	7 4
Butterfly South wing		
PAX	Grand Alliance	currently 13 Vessels employed on the Loop
GASS	CP Ships	5
Gumex	Grand Alliance	2
	CP Ships	4 3

The Parties are authorized to operate up to a maximum of forty (40) vessels hereunder without further amendment. For the avoidance of doubt it is agreed that the Parties shall provide Vessels and capacity that as closely as possible satisfy their share of their overall space requirement over all Loops. The Parties may by mutual agreement from time to time modify the Loops, ports or port rotations, Vessel sizes or Vessel provision.

- 7.2 Each Party anticipates that Vessels introduced to the Service shall have suitable characteristics with regard to size, speed, configuration, power points (for temperature controlled units), etc. and shall only be introduced after agreement with the other Party, such agreement not to be unreasonably withheld. However, so long as each Party is able to provide Slots to the other Party (including the provision of power points and the provision of an adequate 20'/40' configuration) pursuant to the terms of this Agreement and that the pro-forma schedules are maintained, either Party may introduce, withdraw or substitute Vessels on the Loops they control as they see fit, subject to providing a minimum of 90 days notice of change or, if not practical, then as soon as possible thereafter and in any case no later than 30 days prior to the intended substitution.
- 7.3 ~~It is agreed that OOCL shall name and have their logo on two Ships in the Butterfly Loop.~~ Intentionally Left Blank
- 7.4 The Lines will agree a Standard Slot Capacity for each Vessel employed on each Loop. The Standard Slot Capacity provides:-
- (a) the basis on which each Parties' rights to allocations of Slots on each Vessel are calculated.
 - (b) the basis for payment by the Parties as users of Slots for:-

- (i) provision of space
- (ii) sharing the costs of operation of the Loop.

Any Slots, which are available for use on any Vessel over and above the Standard Slot Capacity, shall be referred to as Excess Slots.

7.5 The use and trading of Excess Slots shall be accounted for according to the following rules:-

- (a) If each Party has fully utilised their allocations of Standard Slots then Excess Slots may be used by or traded by the Vessel Operator. Excess Slots sold to another Party shall be paid for according to the payment terms for ad hoc Slots.
- (b) If a Party has vacant Slots within their allocation of Standard Slots then any Slots required by another Party must be purchased from the Party having such vacant Slots before using any Excess Slots they may have on their own Vessels.

7.6 Employment of US flag ships

7.6.1 Notwithstanding any other provision of this Agreement, CP Ships shall retain authority to determine the routes, schedules and space availability of its U.S.-flag vessels covered under this Agreement as may be required to fulfil its obligations under its contracts with the United States government; provided, however, that CP Ships shall to the extent practicable provide the Grand Alliance Lines with prompt notice of any change in U.S.-flag vessel routes, schedules or space availability and advise and consult with the other Lines regarding such routes, schedules and space availability. Furthermore, in the event that any U.S.-flag vessel(s) covered by this Agreement and employed by CP Ships or space on such vessel(s) is activated under any stage of the Voluntary Intermodal Sealift Agreement ("VISA") and contracts implementing VISA, CP Ships may make such vessel(s) or space thereon available to the U.S. government without liability to any Line hereunder, notwithstanding any other provision of this Agreement.

7.6.2 In the event CP Ships effectively withdraws capacity utilised under this Agreement as a result of the exercise of the provisions in the previous paragraph concerning its U.S.-flag vessels, the normal non-performance rules to be developed pursuant to clause 8.2 will apply. The Parties shall promptly agree on revised allocations, Loops, vessel provision and similar terms, taking into consideration CP Ships reduced vessel provision. In the event the Parties are unable to reach agreement, then the Grand

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Alliance Lines may terminate this Agreement upon 60 days' prior written notice to CP Ships.

- 7.6.3 No U.S.-flag vessel employed by CP Ships and covered by this Agreement, or space on such vessel, shall be used, other than by CP Ships, for the carriage of cargoes reserved to U.S.-flag vessels pursuant to the cargo preference laws of the United States (including, but not limited to, Public Resolution Number 17, sections 901(b) and 901b of the Merchant Marine Act, 1936, as amended, and the Military Cargo Preference Act of 1904); provided, however, that nothing herein shall prevent the Lines from using CP Ships' U.S.-flag vessels or space thereon for the carriage of that portion of preference cargoes that is not reserved to U.S.-flag vessels.

8 Vessel Scheduling and Performance

- 8.1 Parties shall agree on a long term pro-forma schedule for the Service. Such schedule may be changed from time to time as the Parties mutually agree and shall incorporate periods required for programmed maintenance and repair including periodical dry docking which shall be advised at least six months in advance.
- 8.2 The Vessel Operator shall maintain the long term sailing schedule and shall use maximum efforts to remedy any failure to comply. Detailed rules for remedial actions and financial consequences in cases of non-performance will be defined in the Operational Implementing Agreement (not to be applied before the end of the phase-in period). The principle for these rules will be that the Vessel Operator is responsible for costs arising in case of non-performance for which it is responsible. For cases of non-performance for which the Parties are jointly responsible, the Parties will agree on appropriate cost sharing mechanisms.

9 Allocations

- 9.1 Loop Allocation Shares shall be used to determine
- (a) the allocation of Standard Slots and deadweight at 10.5 tonnes per Slot on each Vessel, and
 - (b) each Party's share of the provision and operating costs of all Vessels sailing on each Loop.
- 9.2 The Loop Allocation Shares for each Party on an individual Loop shall be the proportion of that Party's demand to the total demand of all Parties on that Loop.
- 9.3 Unless there is a change in the Standard Slot capacity of the vessels operating on a Loop as a result of upgrading or downgrading the size of the

fleet or changing the agreed structure of the Loops, the Loop Allocation Shares will remain fixed until 31st December, 2001, unless otherwise agreed. Thereafter the Parties will reassess their demands and new Loop Allocation Shares will be determined in accordance with the principles set out in this Clause 9.

9.4 In the event that at any time during the period of the Agreement there is a change in the Standard Slot Capacity of the Vessels operating in a Loop as a result of upgrading or downgrading the size of the fleet the Loop Allocation Shares will be adjusted as follows:-

- (a) Demands for Slots will be reassessed in the light of the changes in the capacity available
- (b) New Loop Allocation Shares will be determined in accordance with the principles set out in this Clause 9.

For the avoidance of doubt a substitution of one or more individual Vessels, albeit of different capacity, will not trigger this clause unless the Parties agree that such substitution is indeed part of an upgrade/downgrade in the size of the fleet.

9.5 On any review of Loop Allocation Shares (i.e., in circumstances of either clauses 9.3 or 9.4 above) the following principles shall apply:-

- (a) if demands increase in such a way that the Standard Slot capacity of the Loop is insufficient to cover the Parties' demand then each Party shall be entitled to require that its current Loop Allocation Share shall be protected and not artificially reduced as a result of any other Party increasing their demand beyond the ability of the Service to accommodate the requirement.
- (b) If one or more Parties reduce demands resulting in a surplus or an increase in the surplus Standard Slot capacity available on the Loop then each Party shall be entitled to require that their current Loop Allocation Share shall be protected and shall not be artificially increased as a result of any other Party reducing their demand.

9.6 Each Party shall receive an allocation of reefer plugs, 45' space, minimum 20' or maximum 40' capacity equivalent to its Loop Allocation Share in line with the relevant characteristics of the Vessels and in accordance with any operational constraints as set out in the Operational Implementing Agreement.

9.7 Subject to actual Vessel operational requirements, the use of Slots allocated to CP Ships on PAX shall be limited along the US eastern seaboard according to the following rules:-

- (a) On the voyage leg between Europe and New York, CP Ships may lift up to their Loop Allocation Share of the full capacity of the PAX Vessels including any slots available to/from Halifax so long as the deadweight does not exceed their Loop Allocation Share of the New York Slot limit at 10.5 tonnes per Slot.
- (b) In respect of space required for Europe to/from Norfolk, CP Ships may lift up to a maximum of 2/3rd of the number of Slots calculated by applying their Loop Allocation Share to the New York Slot limit of each Vessel, or deadweight of 10.5 tonnes for each Slot so, calculated, whichever is reached first.
- (c) In respect of space required for Europe to/from Savannah, CP Ships may lift up to a maximum of 1/3rd of the number of Slots calculated by applying their Loop Allocation Share to the New York Slot limit of each Vessel, or deadweight of 10.5 tonnes for each Slot so calculated, whichever is reached first.

9.8 In addition to the space allocated to CP Ships pursuant to clause 9.1 to 9.7 above, will also receive an allocation of 50 Slots used/not used per week on the PAX Loop between the US East Coast and the US West Coast to enable them to lift Europe to US West Coast cargo. Such cargo will be lifted in space allocated under the Loop Allocation Share mechanism on the passage between Europe and the US East Coast.

CP Ships will pay an additional fee for the passage between US East Coast and US West Coast.

10 Co-operation with other parties and/or additional members

- 10.1 The present slot swap arrangement between HL and ACL will remain a bilateral arrangement between those parties. ACL will have access to all Loops (under HL allocation) but load/discharge rights will be limited to ports currently covered in the present slot swap arrangements between HL and ACL. Other Grand Alliance Lines and CP Ships shall be free, subject to regulatory requirements, to make other arrangements equivalent to HL's arrangement with ACL if they so wish, including slot purchasing from ACL.

11 Use of Space

- 11.1 Each Party shall be entitled to use its Slot allocation without any geographical restrictions regarding the origin or destination of the cargo. There shall be no priorities for either full, empty, wayport/interport or breakbulk cargo.
- 11.2 To promote efficiency in the utilisation of space onboard of Vessels, the following rules shall apply to the purchase/sale of allocations of Standard Slots.
- (a) If on any sailing a Party is unable to utilise its allocation of Standard Slots, such allocation may be made available to the other Party. Consent to Slot allocation release requests should not be unreasonably withheld. The Party to whom the allocation has been transferred shall commit to the payment for the Slots at rates reflecting both provision and voyage costs on a used/not used basis.
 - (b) A Party utilising Standard Slots in excess of its allocation, shall (subject to the provisions of Clause 7.5 above) reimburse the Party providing the Slots in accordance with agreed rates.
 - (c) A Party utilising Standard Slots in excess of its allocation on a coastal passage shall be entitled to use such Slots at no additional cost but must immediately return the Slots to the other Party on demand at any subsequent port. This right shall not be abused and operational restrictions may be introduced to ensure that the Vessels meet their pro-forma voyage schedules. If by lifting cargo at a U.S. port in Slots which are in excess of its allocation, a Party cannot return the Slot on the demand of the other Party without contravening the provisions of the Merchant Marine Act 1920 whereby such cargo cannot be landed in U.S ports, then it shall limit its use of Slots in excess of its allocation on that coastal passage to ensure that it can return Slots as demanded.
 - (d) In the event that no surplus Standard Slots are available to sell but the Vessel Operator has Excess Slots available then the Vessel Operator may sell such Excess Slots to a Party requiring Slots In accordance with agreed rates.
- 11.3 Any unused Slots within a Party's entitlement may be sold or sub-chartered ad hoc to any vessel operating common carrier (V.O.C.C.) third party(ies), always provided that there is prior consultation with the other Party, and that the other Party will have first refusal of such unused Slots. The Party with unused Slots may sell space to third parties only on an ad hoc basis if

the other Party has failed to exercise their "first refusal" option within 24 hours (within a week before the intended sailing). An ad hoc sale shall be deemed to be a sale of Slots on a single voyage leg

- 11.4 A Party requiring additional Slots should first approach the other Party to ascertain whether they have unused Slots to sell. If however the other Party is unable to fulfil such requirements or if there is insufficient time to consult with the other Party without losing other opportunities to ship cargo, then Slots may be acquired from third parties on an ad hoc basis or on a limited structural basis (up to 100 TEUs per week)
- 11.5 Except as provided in Clause 10, Slot sales to (or Slot purchases from) third parties of a larger and more permanent and significant nature must be discussed and unanimously agreed upon in advance by the Parties. Such agreement shall not be unreasonably withheld.
- 11.6 Ad hoc sales/purchases within a Party are unrestricted for the purposes of this Agreement.
- 11.7 All sales of space under this Clause 11 shall be subject to the Parties to such sales meeting all applicable regulatory requirements prior to implementation.

12 Financial Arrangements

- 12.1 A financial settlement will be made each month to settle the various financial provisions of this agreement in accordance with such terms as the Parties may from time to time agree.

13 Liabilities

- 13.1 The Parties shall agree on provisions relating to liability within in the Operational Implementing Agreement.

14 Separate marketing

- 14.1 Each Line shall retain its separate identity and shall have separate sales, pricing and marketing functions. Each Line shall issue its own Bills of Lading.

15 Administration

- 15.1 The Parties will develop procedures to handle the day-to-day operational requirements of the Service.
- 15.2 Decisions on major issues concerning the membership of the Agreement , the scope of the Service, allocations or financial settlement shall be reached by agreement by both Parties.

- 15.3 In respect of the PAX and GASS Loops, the Parties will consult with each other with regard to any changes proposed to the pro forma schedule of any Loop. The relevant Party operating these Loops will endeavour to ensure that any such change in the Loop schedule is acceptable to the other Party. If changes are made to pro-forma schedule of any Loop which materially and adversely affects the ports of call, days of week, frequency or transit times with regard to the other Party's use of the Loop then the other Party will have the right to shift allocations from that Loop to other Loops in the Service and the Party making the change shall use reasonable efforts to facilitate such change.
- 15.4 Subject to the above on PAX and GASS and in any case in respect of the ~~Butterfly Loop and~~ ATX and Gumex, the Parties will so far as is practicable discuss and agree the course of action to be taken on routine operational issues. In the event of disagreement or where time is of the essence in making a quick decision then the Party operating the Vessel shall have the deciding vote and take the operational decision as relevant always taking into account views expressed by the Parties in any preceding discussions.
- 15.5 The communication channels, systems and procedures as well as other general items dealing with the day-to-day work for operation pertaining to the Service and so far not being covered under this Agreement, shall be specified in separate joint working procedures. This Agreement shall be administered and implemented by meetings, decisions, memoranda and communications between the Parties to enable them to effectuate the purposes of this Agreement including the establishment and operation of such joint operating or management centres as they may deem necessary. The Parties are further authorised to obtain, compile maintain and exchange information related to any aspect of operations in the Trade, subject to the confidentiality obligations of any Line.
- 15.6 The following individuals shall have the authority to file this Agreement and any modifications thereto with the Federal Maritime Commission, as well as the authority to delegate the same:
- (a) any authorized officer or representative of a Line, and
 - (b) legal counsel for each of the Lines.
- 15.7 Except for matters within the scope of 46 C.F.R. Section 535.408(b), the Parties will file amendments to this Agreement prior to implementation thereof.

16 Terminal selection

- 16.1 Subject to such criteria as the Parties may from time to time agree, the Parties shall work towards the use of one ocean terminal at each port of call. The Parties are authorised to jointly negotiate terminal and stevedoring agreements.
- 16.2 Provided that the criteria agreed upon by the Parties are satisfied, preference will be given to terminals owned by Lines.
- 16.3 Consideration to be given to fulfilment of Line's existing terminal contracts.
- 16.4 The Parties will form a Terminal Committee (or two separate Terminal Committees, one in Europe and one in the USA), in which all Lines have a right to be represented.

17 Non-Assignment

- 17.1 The rights and obligations of each Line under the Agreement herein shall not be assignable except to subsidiaries, parent companies or fellow subsidiaries or with the prior unanimous agreement of all Lines. Each Line shall warrant that any subsidiary or fellow subsidiary to which any assignment is made shall not be sold to another party.

18 Confidentiality

- 18.1 Except as required by law this Agreement shall be regarded as confidential to the Lines hereto and no Line shall divulge details of the contents hereof to any third party without the prior written approval of the other Lines.

19 Force Majeure

- 19.1 Except where otherwise provided, in circumstances such as but not limited to the event of war, whether declared or not, hostilities or the imminence thereof, act of public enemies, restraint of princes, rulers or people, or compliance with any compulsorily applicable law or governmental directive, boycott against flag, political ban or other events which render the Agreement wholly or substantially impracticable, the Agreement shall not thereby be terminated, but (subject always to the various provisions for termination of this Agreement as set out in Clause 4) the performance thereof shall be suspended (in whole or in part as appropriate) until such time as the performance thereof is again practicable, without prejudice to any rights, liabilities and obligations accrued at the date of suspension. Should the Agreement be wholly suspended for a period exceeding six (6) calendar months from the date of commencement of such suspension the Agreement shall terminate.
- 19.2 In the event that a Line considers that any cause, happening or event not within its control substantially impairs its ability to enjoy its rights or carry

out its, or other Lines', obligations under this Agreement then, at its request, the Lines shall meet together with all reasonable dispatch in order to consider such adjustment of the terms hereof as may be mutually acceptable.

20 Language

20.1 This Agreement and all notices, communications or other writing shall be in the English language and no Line shall have any obligation to translate such matter into any other language. The wording in the English language shall prevail.

21 Notices

21.1 Any notice or other communication which one Line or Party hereto may require to give or to make to the other Lines or Party under the Agreement shall, unless otherwise specifically provided herein, be written in English and sent by mail or facsimile with copy by mail, to the points of entry and addresses of each of the other Lines as set out in the working procedures.

22 Disclaimer of Partnership

22.1 This Agreement does not create and shall not be interpreted as creating any partnership, joint venture or agency relationship among the Parties, or any joint liability under the law of any jurisdiction.

23 Law and Arbitration

23.1 This Agreement shall be governed by and construed in accordance with the laws of England and each Line hereby submits to the jurisdiction of the English Courts.

23.2 All disputes or differences arising under this Agreement which cannot be amicably resolved shall be referred to arbitration in England in accordance with the Arbitration Act 1996 together with LMAA (London Maritime Arbitration Association) terms.

23.3 The Lines agree to appoint a single/sole arbitrator, having appropriate commercial and consortia experience, within 21 days of any Line seeking an appointment. If any Line should so request, a panel of three arbitrators shall be appointed. Should there be no agreement on the appointment within the said 21 days, then the LMAA President will appoint a single/sole arbitrator (or a panel of three arbitrators, as appropriate) at the request of any Line.

23.4 The Lines further agree:-

- (a) Where the amount in dispute is US\$ 200,000 or less, the arbitration will proceed on a documents and written submission

basis only. However, oral evidence will be allowed exceptionally and at the discretion of the arbitrator(s).

- (b) that any awards given under this Clause in respect of any dispute or difference relating to this Agreement shall be notified to the European Commission.

24 Severability

- 24.1 If any provision of this Agreement, as presently stated or later amended is held to be invalid, illegal or unenforceable in any jurisdiction in which this Agreement is operational then this Agreement shall be invalid only to the extent of such invalidity, illegality or unenforceability and no further. All remaining provisions hereof shall remain binding and enforceable.

25 Equipment

- 25.1 The Parties are authorised to discuss and agree upon standards for, and may interchange, purchase, pool, lease, sublease, maintain and repair, or otherwise co-operate in connection with containers, chassis and other equipment utilised in the Trade as between themselves, or individually, among or between on or more of CP Ships lines and one or more of the Grand Alliance Lines, from or with another person, on such terms as they may from time to time agree.

26 Inland Arrangements in the United States

- 26.1 To the extent permitted by the Shipping Act of 1984, as amended, the Parties are authorised to jointly negotiate and agree with one or more motor carriers and/or railroads with respect to rates, terms, conditions and services charges or provided by such inland carriers to the Parties in the United States.

27 Additional Authority

- 27.1 The Parties are authorised to discuss and agree on the following matters::
 - (a) The charter of Vessels from one another or jointly from third parties.
 - (b) The operation of feeder and transshipment vessels as may be required.
 - (c) The establishment of joint container and chassis pools, depots, container yards and container freight stations.
 - (d) Membership in, or withdrawal from, conferences, rate agreements or other agreements in the Trade; provided, however, that nothing herein shall require any Line to join such an agreement or preclude it from withdrawing from such an agreement.

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- (e) The terms and conditions of the Lines respective bills of lading or of any memorandum bills of lading that they may issue to one another or to any sub-charterer.

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APPENDIX 1

Initial Port Rotations of Loops

TransAtlantic				
<u>Butterfly ATX</u>				
North Wing	South Wing	GASS	GUMEX	PAX
Bremerhaven	Southampton	Antwerp	Antwerp	Antwerp
Rotterdam	Le Havre	Thamesport	Thamesport	UK port
Antwerp Hamburg Le Havre	Rotterdam	Bremerhaven	Bremerhaven	Thamesport Bremerhaven
Southampton	Bremerhaven	Charleston <u>Miami</u>	Le Havre	Rotterdam
New York	Charleston	Houston	Houston	Le Havre
Norfolk	<u>Miami</u>	Charleston	Vera Cruz	Halifax
Charleston	Houston	Norfolk	Altamira <u>Houston</u> <u>New Orleans</u>	New York
New York	Charleston	Antwerp	Charleston	Norfolk
Southampton	Bremerhaven		Antwerp	Savannah
<u>Rotterdam</u>			
			
				Savannah
				Norfolk
				New York
				Halifax
				Antwerp

Indicative Standard Capacity and Speed

8 4 vessels 2750 TEUs 19.7 17 knots	5 Vessels 2800 TEUs 17.4 17 knots	5 6 Vessels 2520 <u>2800</u> TEUs 18.1 <u>16</u> knots	13 Vessels 3950 <u>4400</u> TEUs 19.3 <u>20</u> knots
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Note: The above port rotations and operational capacities are agreed subject to the outcome of terminal negotiations with respect to berth arrangements and the final choice of ports in the UK and Germany

APPENDIX 2

Initial Loop Allocation Shares

Loop Allocation Shares	Grand Alliance	CP Ships		Totals
N. Butterfly <u>ATX</u>	82.222 77.61%	17.778 22.39%		100.00%
S. Butterfly	85.242%	14.758%		100.00%
PAX	94.695 89.892%	5.305 10.108%		100.00%
GASS	33.962 38.612%	66.038 61.388%		100.00%
Gumex	31.746%	68.254%		100.00%